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E.O. 12958: DECL: 12/23/2019

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SUBJECT: NEW TUSIAD BOARD UNVEILS AGENDA, DIVES INTO POLITICS

REF: ISTANBUL 37

Classified By: Classified By: CONSUL GENERAL SHARON A. WIENER FOR REASONS 1.4(B) AND (D)

**¶11. (C) Summary.** The Turkish Industrialists and Businessmen's Association (TUSIAD)'s recently elected board of directors kicked off its new term with a "new approach" laid out in the board's recently released activity plan for the upcoming year. TUSIAD board members predict that the new term will usher in a new era for Turkey's leading business NGO, with a higher degree of professionalism and focus. Chairwoman Umit Boyner's call for constitutional change and political reform during a recent press conference and visit to Ankara suggest that TUSIAD's new leadership will not shy from political debate. End Summary.

New Board, New Approach

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**¶12. (C)** On February 11, Istanbul Consul General and Deputy Principal Officer met with TUSIAD leadership board member Cansen Basaran-Symes, President of PricewaterhouseCooper Turkey. Symes shared her perspective on the initial steps taken by TUSIAD's new board and her expectations for its work. Symes said the new board, which was more professional, balanced, and focused than the previous board, would take a "whole new approach" and predicted that it would be more engaged with its members and "in touch with the people."

**¶13. (C)** Symes acknowledged that business cannot be separated from politics and welcomed the board's engagement with Prime Minister Erdogan and President Gul in Ankara. She dismissed the notion that the new board might fear engagement with the government, even if the past board's relationship with the government had been tense. At root, the new board and the government shared "all the same objectives," and Symes assessed that the government needed help which the new board would offer. Symes said that when it first came to power, she was impressed by the Justice and Development Party (AKP) but the party has been "spoiled" and the new board would have to assess the AKP's receptivity to TUSIAD before deciding how to proceed with the relationship. Regarding Turkey's investment climate, Symes lamented that Turkish accounting principles had been designed to conceal rather than to disclose, and described current laws as "regulated corruption" used to conceal corporate governance and finances.

**¶14. (C)** TUSIAD's recently released 2010-2011 activity plan, described by newly elected Chairwoman Umit Boyner in a press

conference following the new board's first meeting, covers a wide range of issues including unemployment, Turkey's unregistered economy, fiscal policy and energy supply security. In her statements to the press about the activity plan, Boyner commented that even with an optimistic GDP growth scenario of 5.9 percent in 2010, GDP growth would not be enough to overcome Turkey's current unemployment problems. (Note: Turkey's official unemployment rate is 13 percent, and many people believe this figure understates the actual rate given the large unregistered economy. End Note.) Boyner said that the national budget deficit is "alarming" and TUSIAD's agenda includes a new fiscal system proposal and a public expense reform conference. Guidance for small and medium sized enterprises (SME) is key to keeping those businesses out of the gray market, according to Boyner, and creation of a liberalized energy market, energy pipeline policy and energy supply security also featured high on the list of priorities for TUSIAD in the plan. The press reported that Boyner raised these issues with Turkish government officials in Ankara during her visit on February 18. Tayfun Bayazit, Yapi Kredi Chairman and another new TUSIAD board member, echoed these priorities in a meeting with US officials on February 19, calling for the structuring of more SMEs to formally integrate their financial reporting into the national accounting system.

Boyner's "Manifesto of Democracy"

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¶ 15. (U) In addition to economic issues, Boyner jumped into political discourse during her press conference, receiving

glowing coverage from Today's Zaman columnist Bulent Kenes for addressing these issues in a proactive way. Calling Turkey's political problems "structural," she said that the country was in urgent need of a new civilian constitution to undo the authoritarian structure put in place under military rule. She said that TUSIAD's "democracy package" will emphasize constitutional reform as a centerpiece of political goals. Following her meetings in Ankara, Boyner said that she had discussed political issues, including judicial independence, with government leaders as well. Columnist Kenes welcomed Boyner's reformist statements as rectifying the damage done to TUSIAD's image by the previous board, chaired by Arzuhan Yalcindag, which turned TUSIAD into what Kenes called a "carbon copy of Hurriyet newspaper" and of the Republican People's Party (CHP). In what Kenes described as a "manifesto of democracy," Boyner discussed the need to strengthen the impartiality and independence of the judiciary and commented that the Supreme Board of Judges and Prosecutors should not be under the influence of the executive. Calling on the government to "thaw the ice" between itself and minority groups, Boyner said that the state should reconcile with its Kurds and Alevis, and do away with the 10 percent election threshold before the general election scheduled for 2011.

Comment

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¶ 16. (C) Boyner's public statements so far suggest that she is continuing her initial push for a vocal and more central role for TUSIAD in the national political debate. TUSIAD's political agenda has not changed; its new leaders have the same secular, pro-Western orientation as their predecessors. Under the previous board, TUSIAD leadership was open to criticism that it was too closely linked to Dogan Holding; the previous chairwoman Yalcindag is the daughter of Aydin Dogan. While her comments indicate that Boyner will not hesitate to publicly criticize the government, her willingness to engage in frank conversations with government officials potentially could lead to a more constructive dialog under TUSIAD's new board. We will be meeting with Boyner soon to discuss her views and get a readout of her recent Ankara meetings.

WIENER